

Defense Contract Management



CIVIL MILITARY INTEGRATION

DCMC Commander's Conference Tutorial

November 3, 1999



Agenda

- Civil Military Integration
- Strategic Supplier Alliances
- Single Process Initiative
- Management Councils

Civil Military Integration

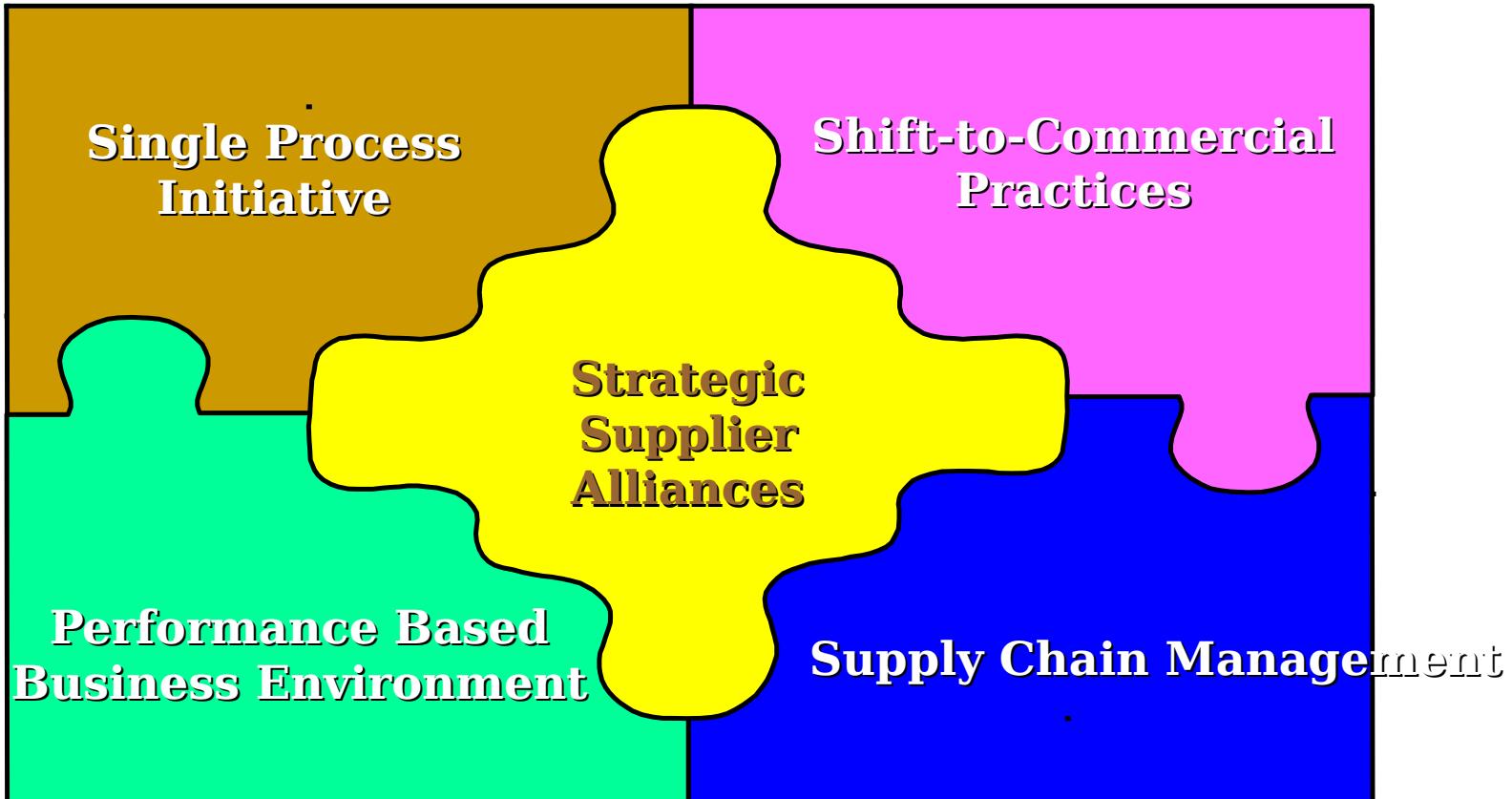


What is CMI?

“Civil Military Integration, eliminating the distinction between doing business with the government and other buyers, is critical to meeting our future military, economic, and policy objectives.”



What is CMI?



Many Other Pieces - Integration Is Key



Why Do CMI?

- Preserve national security objectives capability
- Maintain global economic competitiveness
- Facilitate commercial procurement
- Promote common/dual-use technologies
- Leverage resources and investments
- Lower total ownership cost



Who does CMI & how?

- Commanders
 - Identify opportunities
 - Get buy-in from contractors & customers
 - Implement through SPI, Strategic Supplier Alliances, Integrated Digital Environment, etc.



Who does CMI & how?

- HQ/Districts
 - Support CAO efforts through legislative, regulatory and policy changes
 - Identify internal DCMC targets of opportunity
 - Communicate efforts across the DCMC
- SPI Executive Council
 - Ensure continued focus and offer solutions to challenges



CMI - A RECAP

- Key to Acquisition Reform
- Uses many existing Acquisition Reform tools
- Lots of efforts going on
- Assistance is available

Strategic Supplier Alliances



What are Strategic Supplier Alliances?

- Established Supplier Relationship
- Business agreement supporting consistent approach for current and future buys
- On-going relationship between buying and supplying firms



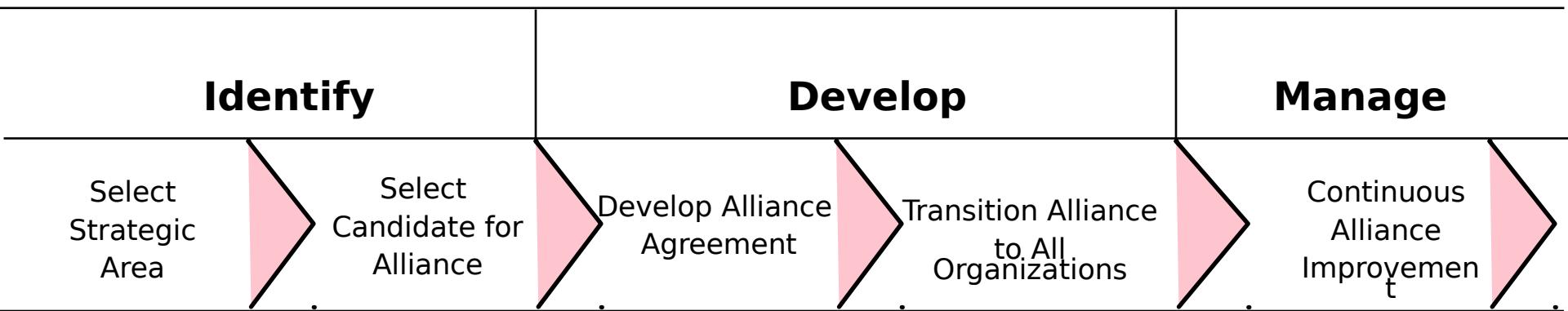
Why do Strategic Supplier Alliances?

- Ensure sector/corporate-wide approach to achieve “critical mass” on CMI
- Expand opportunities for innovation
- Provide workload & workforce stability



Who does Strategic Supplier Alliances & how?

Alliance Management Process



Use existing management council infrastructure to deploy



Who does Strategic Supplier Alliances & how?

- HQ/Districts
 - Identify technical, management and financial criteria
 - Identify pilot candidates
- Commanders
 - Become knowledgeable
 - Actively solicit ideas
 - Pursue through Management Councils
 - Employ District/HQ assistance



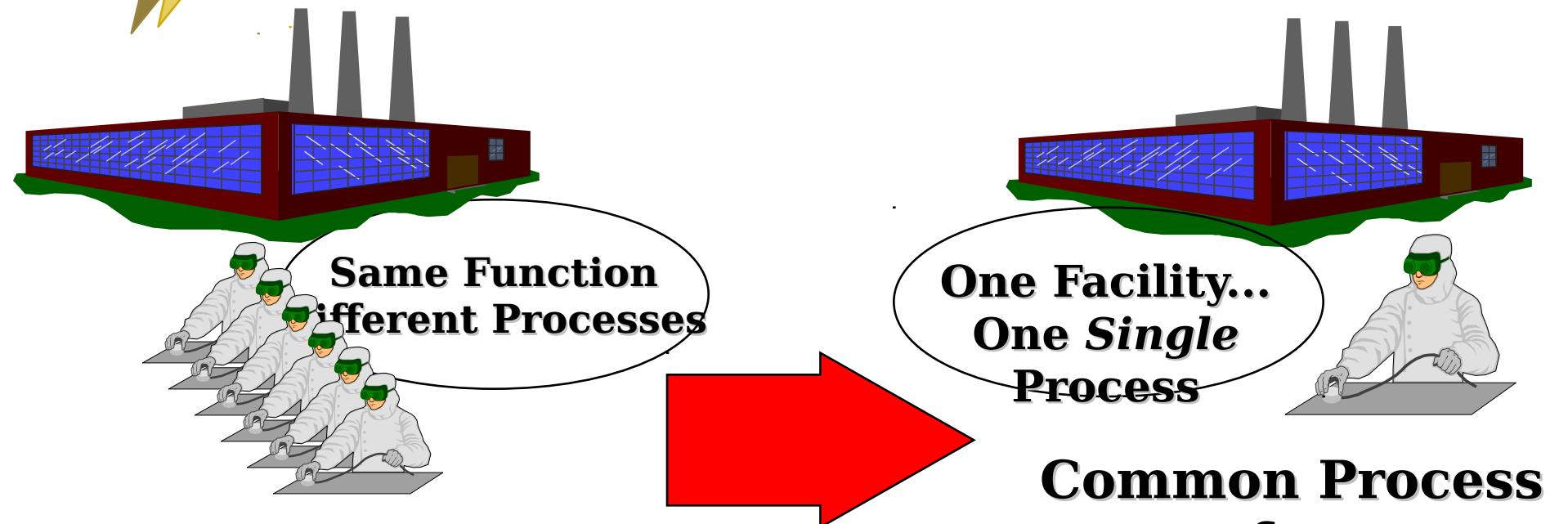
Strategic Supplier Alliances - A RECAP

- New tool to achieve CMI
- Help better utilize DCMC resources
- Implement through management councils
- More to come

Single Process Initiative



What is SPI?



Existing DoD Existing
Commercial

Common Process
for
Commercial and DoD

One Facility... One Single Process



Why do SPI?

- Fosters Conversion, Consolidation, and Modernization
- Positions Industry for PBBE
- Key to Civil and Military Integration
- Leaner & Cheaper Industrial Output

***Opportunity for
Competitive Advantage***



Why do SPI?

Data as of October 13, 1999

Proposed Processes	1722
Modified Processes	1242
Open Processes	138
Contractor Facilities	330
Cycle Time	142 days
Negotiated Savings	\$30.6M
Estimated Cost Avoidance	\$503.7M



Why do SPI?

SPI & Apache Longbow, Boeing Aircraft & Missile Systems

- Hardware Variability Control
 - Use statistical process control and simulation to improve design and manufacturing processes
 - Reduced scrap, rework and manufacturing variances
- Wire Harness
 - Improved cycle time, quality, standardization, management and performance
 - Reduced inventory, reduced aircraft weight by 70 lbs., reduced unit cost of aircraft and unit cost of spares
- Commercial Parts For Environmental Control System (Parts originally designed for Automotive Use)
- Improved Paint Process Achieved Environmental Benefits

Total Savings - \$19.9M Total Avoidance - \$46.7M



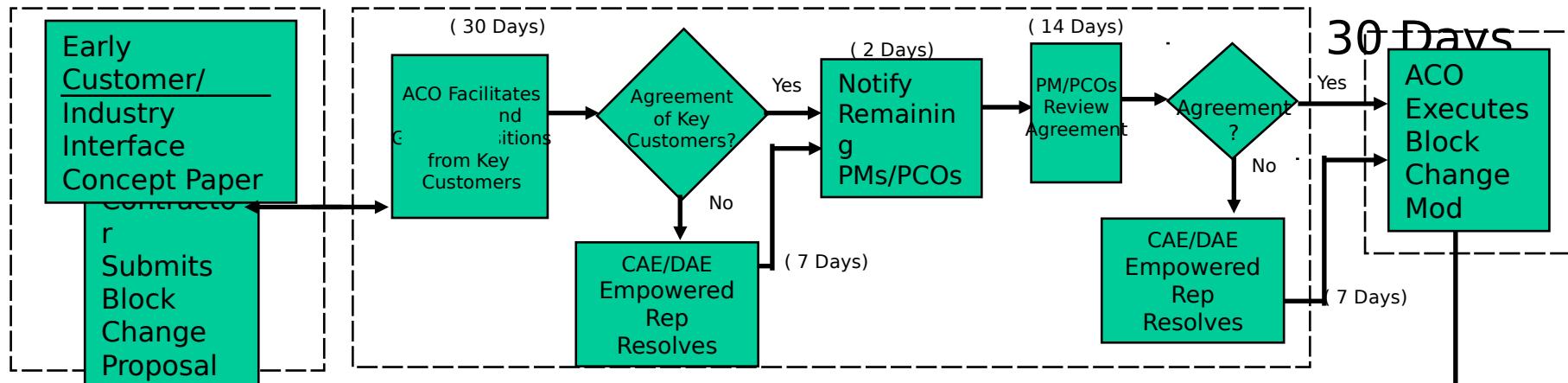
Who does SPI & how?

Block Change Process

Proposal Development
30 Days

Approval
60 Days

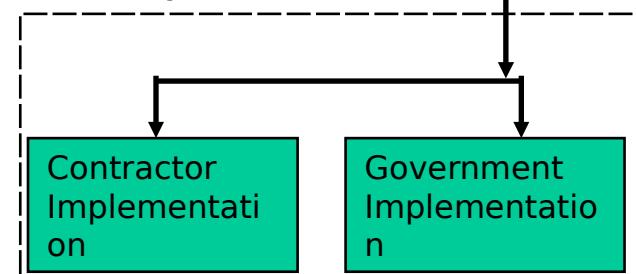
Contract
Modificatio
n



Block Change Process Cycle: 120 days
(proposal receipt to issuance of block change)

Process Builds on
Existing Organization
Structures

Implementation





Who does SPI & how?

- Commanders
 - Actively solicit good ideas
 - Get contractor & customer buy-in
 - Ensure active & productive Management Council(s)
 - Elevate for sector/corporate level implementation
 - Update SPI System database regularly



Who does SPI & how?

- HQ/Districts
 - Initiate legislative & regulatory changes
 - Provide assistance
 - Share success stories
- SPI Management Team
 - Develop policy, training & other tools
 - Provide executive support
 - Furnish policy guidance & technical assistance



SPI - A RECAP

- Key to CMI
- Still a great success
- Need management council emphasis

Management Councils



What are Management Councils?

- High performance teams
- Key to Acquisition Reform success
- Communication forum for Government & Industry



Why do Management Councils?

- Reduces reviews - better risk management
- Facilitates supplier management efforts
- Improves manufacturing and business processes
- Address anything important to our customers



Who does Management Councils & how?

- Commanders
 - Establish councils
 - Assure appropriate stakeholder attendance
 - Meet often
 - Develop & maintain charter
 - Ensure council is active & productive
- Lead Commanders
 - Facilitate cross-communication between sector/local council Commanders



Management Councils - A RECAP

- Crucial to CMI and Acquisition Reform
- Commanders are key



Conclusion

- Civil Military Integration
 - Facilitates Acquisition Reform efforts
 - Uses new/existing Acquisition Reform tools
 - Implemented by Commanders and Management Councils
 - Allows you to work smarter, not harder

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*Under "Centers of Excellence,"
please select
Civil Military Integration (SPI)*